



THE CITY OF SAN DIEGO

Development Services Department Water/Sewer Capacity Charges Effective July 1, 2004

1. What is the increase in sewer capacity fees that the San Diego City Council approved last week and when will it go into effect?

On June 8, 2004, the City Council adopted Resolution Number R-299321 increasing sewer capacity charges to \$3,710 per equivalent dwelling unit, up from \$2,500 effective July 1, 2004.

2. What is the proposed increase in water capacity fees that City Council is considering on June 22, and when will this go into effect if Council approves it?

The proposed water capacity charge is \$2,550 per equivalent dwelling unit, up from the previous \$2,500. If approved by City Council, this capacity charge would also be implemented on July 1, 2004.

3. Why are the fees increasing and how was the public notified of this?

On October 16, 2001, the City Council directed the City Manager to determine the magnitude of a full cost recovery sewer capacity charge. Also, at the direction of the City Council and pursuant to the adoption of the water rate increase in April 2002, a study was conducted to assure that the water capacity charge reflected the full cost impact of new development. The primary objectives of establishing a full cost recovery capacity charge are to achieve equity in distributing costs and to provide a mechanism by which new system users can pay for the cost of facilities required to serve them without burdening existing users

A recently completed Cost of Service Study determined that full cost recovery for sewer capacity charges would require a capacity charge fee of \$3,710. Full cost recovery for water capacity charge was determined to be \$2,550. Notification of the capacity charge changes was made by 10 Day Notice of Intent on the City Clerk's Bulletin Board. Several public presentations, reviews, and hearings of the proposed rates were made to the Public Utilities Advisory Commission. Additionally, a specific presentation by the City's Metropolitan Wastewater Department, Water Department, and Financing Services staff on the capacity charge changes has also been made to the Building Industry Association.

4. Can applicants prepay their fees in advance of the July 1 implementation date?

No. The City Attorney has opined that “San Diego Municipal Code sections 64.0410 and 67.0513 provide that, unless otherwise provided by resolution of the City Council, sewer and water capacity charges shall be due and payable at the time the building permit fees are paid, or if a building permit is not required, at the time the sewer and/or water connection fees must be paid. The resolution authorizing the new capacity charges indicates that the effective date of the increase is July 1. The Municipal Code does not provide for prepayment and there is no resolution by the City Council which provides for any other method of advance payment.”

5. What is the tolling provision on these fees? Does it apply to all building permits that are issued after July 1?

Applications are not grandfathered if they applied before July 1 and were deemed complete. For those applicants who pay their building permits or water or sewer connection charges prior to July 1, 2004, the old capacity charge rate shall be paid. For those who pay on or after July 1, 2004, the new capacity charge shall be in effect. Also, see Answer 4 above.

6. Where can I find a copy of the Managers Report and resolution the Council passed on sewer capacity fees and the copy of the proposed resolution and Manager Report on sewer capacity fees?

This information is available on the Development Services web page, www.sandiego.gov/development-services, under News and Announcements, and Fee Schedules.

7. Is there any change to the way that affordable housing, redevelopment project capacity fees are charged? Are these continuing at the lower rate and what is it?

No, these capacity charges continue at \$1,500 for water and \$1,500 for sewer.